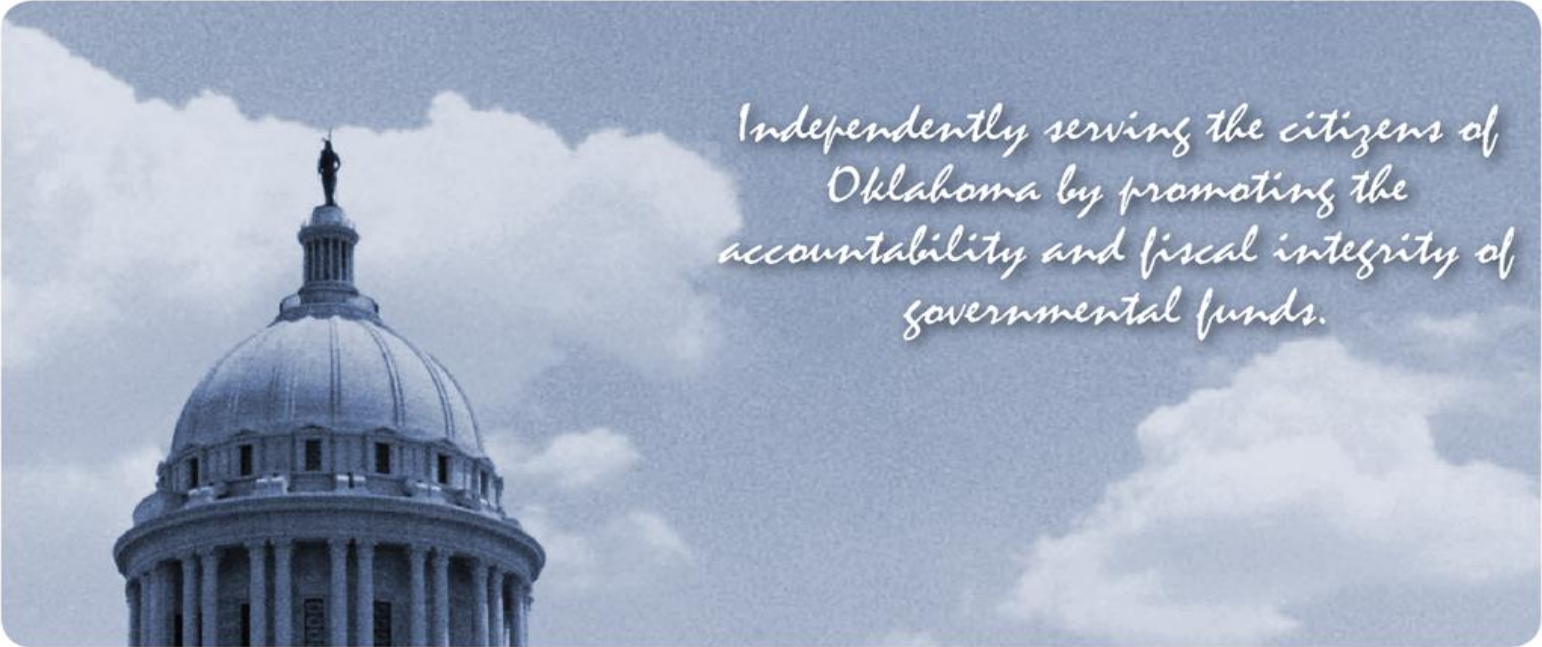


STATUTORY REPORT

GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2011 through June 30, 2013



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2013**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

September 25, 2014

**TO THE BOARD OF DIRECTORS OF THE
GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Grady County Emergency Medical Service District for the period July 1, 2011 through June 30, 2013.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2012 and FY 2013

	<u>FY 2012</u>	<u>FY 2013</u>
Beginning Cash Balance, July 1	\$ 353,511	\$ 488,624
Collections		
Ad Valorem Tax	897,108	953,308
Miscellaneous	2,163	1,898
Total Collections	<u>899,271</u>	<u>955,206</u>
Disbursements		
Personal Services	52,505	53,584
Maintenance and Operations	64,163	58,749
Capital Outlay	490	190
Intergovernmental	647,000	1,037,000
Total Disbursements	<u>764,158</u>	<u>1,149,523</u>
Ending Cash Balance, June 30	<u>\$ 488,624</u>	<u>\$ 294,307</u>

Source: District Estimate of Needs (presented for informational purposes)



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Grady County Emergency Medical Service District
1000 W. Choctaw Ave., Suite 12
Chickasha, Oklahoma 73018

TO THE BOARD OF DIRECTORS OF THE GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the purpose of complying with 19 O.S. § 1706.1, we have performed the following procedures:

- Determined that receipts were properly deposited and accurately reported in the accounting records.
- Determined cash balances were accurately reported in the accounting records.
- Determined whether deposits and invested funds were secured by pledged collateral.
- Determined that disbursements were properly supported, were made for purposes outlined in 19 O.S. § 1710.1, and were accurately reported in the accounting records.
- Determined that all purchases requiring bids complied with 19 O.S. § 1723.
- Determined that payroll expenditures were accurately reported in the accounting records and supporting documentation of leave records was maintained.
- Determined that fixed assets records were properly maintained.
- Determined whether the District's collections, disbursements, and cash balances for FY 2012 and FY 2013 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Grady County Emergency Medical Service District.

Our emergency medical service district statutory engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of the Grady Emergency Medical Service District.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the Grady County Emergency Medical Service District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

September 25, 2014

**GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2011 THROUGH JUNE 30, 2013**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013 – 1 – Inadequate Internal Controls and Noncompliance Over Audit Expense Account

Condition: Although Grady County Emergency Medical Service District (the District) appropriated \$30,000 to the audit budget account for the 2012 and 2013 fiscal years, the District did not appropriate the mandatory one-tenth mill, and it was also noted that the balances from previous years were not properly carried forward.

Cause of Condition: Procedures have not been designed to ensure compliance with 19 O.S § 1706.1.

Effect of Condition: This condition resulted in noncompliance with state statute and under funding of the audit expense account.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends that the District implement policies and procedures designed to ensure that one-tenth mill upon the net total assessed valuation be set aside in the audit expense account, and that any unused portion be carried forward into the next year audit expense account in accordance with 19 O.S. § 1706.1.

Management Response: Steps will be taken to correct this issue.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Further, according to 19 O.S. § 1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation of the District for audit expenses.

Finding 2013 – 2 – Inadequate Controls Over the Revenue Process

Condition: Upon inquiry of District personnel and Board members with regard to the collection of revenue process, we noted the following weaknesses:

- The District Office has one employee who opens the mail, reconciles the bank accounts, posts to the general ledger/check ledger, makes changes to the general ledger/check ledger, maintains the bank statements, writes the receipts, prepares the deposit, takes the deposit to the financial institution, and records the minutes of the EMS Board Meetings.
- The bank accounts are reviewed and signed by the Chairman, however it was noted that not all bank accounts were signed as being reviewed by the Chairman during the entire audit period.

Cause of Condition: Procedures have not been designed and implemented due to the District having only one volunteer to perform the duties of revenue collection.

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Effect of Condition: A single employee having responsibility for more than one area of the collection process could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that the District implement a system of internal controls to provide reasonable assurance that the collection process is adequately segregated. OSAI recommends the following key accounting functions of the collection of revenue process be adequately segregated:

- Issuing receipts for mail-in or electronic payments.
- Preparing the deposit slip.
- Delivering the deposit to financial institution

Management Response: Independent oversight by a Board member was implemented during the 2012 fiscal year, after the Board was presented the findings for the 2011 fiscal year.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Finding 2013 – 3 – Inadequate Internal Controls Over the Expenditure Process

Condition: While testing expenditures for the Grady County Emergency Medical Service District, the following exceptions were noted:

- The District Office has one employee who initiates the purchase, prepares the purchase order, checks invoice for accuracy, receives goods/services, requisitions goods/services, prepares the checks, and mails the checks to the vendors. Additionally this employee performs all bidding procedures, records minutes of the EMS Board Meetings, posts to the accounting records, and makes changes to the accounting records.

Cause of Condition: Policies and procedures have not been designed to check completeness, authorization, and provide adequate documentation to support disbursements.

Effect of Condition A single person having responsibility for more than one area of recording, authorization, custody of assets and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends the duties of maintaining accounting records, issuing checks, and distributing checks for payment be adequately segregated. Procedures should be designed to review reconciliations for accuracy. The duties of requisitioning and receiving should be segregated. The most

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effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Management Response: Independent oversight is now performed by a Board member. All invoices are signed or initialed to verify that the goods and services were received.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.



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